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ON PAGE **AT**NEW YORK TIMES
7 January 1987

Report Says U.S. Lost Track of Sultan's Cash

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Special to The New York Times

WASHINGTON, Jan. 6 — The State Department, which solicited \$10 million in nonlethal aid for the Nicaraguan rebels from the Sultan of Brunei, lost track of the money, according to a secret Senate report, and has no idea how it was spent.

Some Congressional investigators say they think the money may have been used to underwrite the sale of arms to Iran, or for weapons purchases for the Nicaraguan rebels rather than so-called humanitarian assistance, as the Sultan was told.

Elliott Abrams, the Assistant Secretary of State for Inter-American affairs, asserted tonight that the State Department had been prepared to make sure that the money was spent only on humanitarian aid.

"The plan was to require careful accounting by the resistance forces," he said. "That system was not put into effect because we were not aware any money had gone to the contras from third countries."

A report by the Senate Select Committee on Intelligence, which has not been made public, asserts that Brunei deposited the \$10 million in a Swiss bank account Aug. 19, but that the State Department did not learn of this until months later. By that time, a senior department official confirmed, the money had already been taken out of the account. The official said the department did not know the ultimate disposition.

In another aspect of the Iran arms affair, Defense Secretary Caspar W. Weinberger said today that the Army might have charged too little for anti-tank missiles that were sold to the Central Intelligence Agency and ultimately sent to Iran. But he said he knew of no evidence that the profits went to the Nicaraguan rebels.

Although Congress had barred solicitation of anything but "humanitarian" aid for the Nicaraguan rebels, Administration officials asserted today that staff members of the National Security Council believed they were permitted to solicit military aid from foreign individuals or countries.

These officials contended that the Congressional restrictions on aiding the contras covered only the intelligence agencies, not staff members of the National Security Council. But members of Congress say this interpretation, and the failure to monitor the \$10 million contribution, directly violated the intent of the Congressional restrictions.

The lawmakers argue that the State Department's handling of the Brunei money, and the broad interpretation by the National Security Council of what the law permitted, is also significant because it shows how Congressional restrictions were interpreted by a White House eager to funnel money to a favored foreign policy cause of the President's.

Additionally, the perception among at least some officials that they were allowed to get money from other countries that could be used to buy weapons for the contras illustrates the atmosphere in the White House at a time when Lieut. Col. Oliver L. North is believed to have come up with the idea of diverting profits from the Iran arms sales to the rebels.

There is some evidence that Colonel North did in fact solicit aid for the contras from other countries. He told Attorney General Edwin Meese 3rd that he raised the issue with David Kimche, the director general of the Israeli Foreign Ministry. Mr. Kimche denies the conversation took place.

Adnan Khashoggi, a Saudi arms dealer, said in an interview with ABC News that he had been asked by an Iranian, supposedly at the request of Colonel North, to raise \$100 million in private money from his own resources and from his countrymen for the contras.

The money from Brunei, a nation in Southeast Asia whose oil wealth has given it the world's highest per capita income, was solicited by Mr. Abrams, the Assistant Secretary of State for Inter-American Affairs, in mid-1986. Administration officials said Mr. Abrams got the Swiss bank account number from Colonel North.

Through the latter part of 1986, the officials said, Mr. Abrams became increasingly concerned over the contras' failing finances. Intelligence reports indicated they lacked both weapons and supplies.

Mr. Abrams, officials said, repeatedly asked Colonel North whether the money from Brunei had shown up in the account. He was told it had not.

"As late as November of this year," recalled one official, "Ollie said they never put anything in the account."

Later in November, after the Iran affair was disclosed, Mr. Abrams contacted Brunei Government officials and urged them not to send money to the Swiss bank account, which was controlled by Colonel North and his associates.

Increase in Shipments Cited

It was only then, according to the Senate report and Administration officials, that Mr. Abrams learned \$10 million had been deposited in the account months earlier, on Aug. 19.

Intelligence reports do show a sharp increase in weapons deliveries to the contras, beginning in August. In addition, the Administration has traced a total of \$10 million in material delivered to the rebels in 1986. It is unclear how much of the Brunei money, if any, was involved in those transactions.

Congressional investigators have not seen the Swiss bank account records obtained by the F.B.I., so their assess-

ment of where the Brunei contribution went is based only on circumstantial evidence.

One of the theories is based on the timing of the contribution and the chronology of the Iran arms sales.

Dealers Discuss Losses

The sales had been financed and arranged from January until August 1986 by Mr. Khashoggi, the Saudi arms dealer, and Manucher Ghorbanifar, an Iranian businessman. These two have said in interviews that they lost upward of \$10 million on the arms deals, because the Iranians failed to make full payment for a shipment of arms in May. The money had been advanced by Mr. Khashoggi.

By August, the Administration had decided to exclude Mr. Ghorbanifar and Mr. Khashoggi from the deal. In this period, Mr. Ghorbanifar was "being leaned on by some very nasty people" to repay Mr. Khashoggi the missing \$10 million, one Government official said. In reaction, Mr. Ghorbanifar is said to have told associates that he would expose the secret shipments if he did not get money to make good the debt.

The issue of what activities in support of the contras were permitted by law is likely to be a central concern of the two Congressional panels that which begin their investigations this month and of the special prosecutor named to look into the matter.